GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2462
ANSWERED ON:15.03.2007
OIL RESERVES
Badiga Shri Ramakrishna

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the KPMG, a global consultancy, submitted a report to the Ministry of Petroleum and Natural Gas recommended for four options for oil reserves:

(b) the various models adopted by USA, UK, Japan and other developed countries for their oil reserves;

(c) whether those models have been studied by the Government or the Oil Marketing Companies; and

(d) if so, the outcome thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS(SHRI DINSHA PATEL)

(a), (c) & (d) M/s KPMG has recently conducted a study on various options for developing strategic petroleum reserve for India under public private partnership.The report has found that stock piling models for strategic storage are not typically based on commercial viability.The four public private partnership models suggested by KPMG are based on revenue generated by:

i. high trading gains or

ii. providing a priority access to the Indian spot crude market or

iii. a levy of cess on petroleum products.

As the cost would be eventually borne by domestic refineries/companies and/or passed on to the consumers in some form, none of the suggested models appear feasible or cost effective.

(b)As UK is an exporter of crude oil, they have only commercial storages.The brief of models of strategic storage adopted by USA and Japan are as under :